

# OFFICE OF SYSTEMS INTEGRATION

## REQUEST FOR PROPOSAL OSI 7100-181 UNEMPLOYMENT INSURANCE MODERNIZATION PROJECT



### SECTION 7 – COST INSTRUCTIONS

June 1, 2007  
Addendum 1

ISSUED BY:

STATE OF CALIFORNIA

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## 7 COST PROPOSAL INSTRUCTIONS

### 7.1 Introduction

This section defines the major cost components and format for the Cost Proposal that must be included in each Bidder Proposal. Additional formatting and delivery instructions are provided in Request for Proposal (RFP) Section 8, Proposal and Bid Format. Cost evaluation and scoring will be calculated according to the evaluation methodology identified in this RFP Section 9, Evaluation.

Bidders must provide costs for all of the components identified in the Cost Workbook (Appendix J) and must submit the Cost Proposal using the worksheets provided. Bidders must ensure that all costs (including hardware, software, labor, taxes, shipping, delivery, etc.) are included in the Cost Proposal, regardless whether or not there is a specific line item identified in the Cost Workbook.

All proposed system components, hardware, and services must be included in the Bidder's Cost Proposal and accounted for in the Cost Workbook submitted. Bidders must ensure that all costs (including taxes, delivery, installation, maintenance, software, labor, et.al.) necessary to provide a complete working system are included in the cost worksheets. Any proposed system component, hardware, service, or identified work scope in the Bidder's Proposal that is not specifically priced or identified in the Bidder's Cost Proposal, or that is identified after award of the contract to meet the requirements of this RFP, will be assumed to be included by the Bidder at no additional cost.

### 7.2 Cost Workbook General Instructions

The Cost Workbook consists of a cover page and eight (8) Excel worksheets. These worksheets include the Summary Project Costs sheet which is supported by ~~six~~ seven (67) worksheets that the Bidder will use to enter detailed project cost information. The Summary Project Costs worksheet and the detailed project cost worksheets include automated calculation cells. The automated cells appear buff colored on the worksheets. The Bidder will enter data in the worksheets' uncolored cells, while calculated sums will be displayed in the buff colored cells. Worksheet VII–G will be used by the bidder to enter staff Work Authorization Rates. Worksheet VII-H will be used by the bidder to enter costs for the optional CCR and CCNPAU support contracts for a period of three (3) years plus two (2) one (1) year extensions.

The Bidder may add rows and copy (and / or insert) formulae when needed. Substantial deviations from the provided format should be avoided unless approved by the Department of General Services (DGS) Procurement Official listed in RFP Section I, Paragraph 1.4, Procurement Official. If revised worksheets are required during the procurement cycle, an addendum will be issued.

All calculations contained within the Cost Workbook as released by the State are considered to be correct; however, the State will assume that the Bidder has validated all calculations prior to submission of the Final Cost Proposal package. Should a calculation error be discovered after Final Proposal submission, the State, in its sole discretion, may correct discrepancies and arithmetic errors as discussed in the RFP Section 2 – Rules Governing Competition. It is absolutely essential that Bidders carefully review the cost elements in their Final Proposal.

- The State may correct Bidder calculations and missed or miscalculated costs. If necessary, the extensions and summary will be recomputed accordingly, even if the lowest level of detail is obviously misstated.

The Bidder must specify all methods, tools, and techniques used to determine project cost as defined by the requirements contained in RFP OSI 7100-181. If a cost proposal fails to meet any mandatory requirement satisfactorily or contains any “qualifiers”, “assumptions” or conditions that are unacceptable to the State, the proposal may be considered non-responsive and may be rejected. Also, if methods, tools, and techniques are invalid or conflict with the requirements of this RFP, the Bidder's Final Proposal may be considered non-responsive.

All costs should directly relate to the Work Breakdown Structure (WBS) in the Bidder's proposal. One-time costs must include all one-time and recurring project costs up until system acceptance. Ongoing costs must include all costs after system acceptance.

All costs must be divided and allocated between the two sub-projects (Continued Claim Redesign (CCR) and Call Center Network Platform and Application Upgrade (CCNPAU)) except where otherwise stated. The Summary Project Worksheet provides subproject percentage allocations for Contractor Pay Point Milestones. Columns have been provided for the Bidder to identify the appropriate subproject percentage allocations for the operating expenses and equipment component costs in the five~~six~~ (56) detailed worksheets.

### 7.2.1 Summary Project Costs

Worksheet VII-A summarizes total one-time and on-going costs by contractor pay point milestones, subproject, and operating expenses and equipment component costs.

The Bidder must provide the anticipated completion dates (month and year) for each pay point (lines 1 through 10, column 2) on this worksheet, and the proposed Contractor Services Costs (line 18, columns 5 and 7). This worksheet automatically captures the operating expenses and equipment cost components from Worksheets VII-B through VII-H, discussed below. The proposed Total Contractor Pay Points Cost (line 11, column 3) is automatically calculated using the subtotal of costs from Worksheets VII-B through VII-E. This worksheet allocates the Total Contractor Pay

Points Cost to the individual pay points and subprojects based on the payment percentages detailed in RFP section 11, Table 11.2 – Pay Points.

#### **7.2.1.1 Pay Point Milestones**

The Contractor will receive progress payments at specific pay points for work performed during the life of the contract. Refer to RFP Section 11.2.7 for a detailed description of the pay points and pay point acceptance requirements.

There will be a 20% withhold for each pay point that will be paid at the end of the entire contract when the contractor meets all contractual obligations.

#### **7.2.2 Hardware**

The Bidder must enter all the hardware and equipment detail and costs to complete the UIMOD scope of work as stipulated in the RFP Section 6 into Worksheet VII-B. The Bidder must (at a minimum) include all hardware required to implement the functionality detailed in the requirements (for example: workstations, servers, switches, telephone sets, and routers); failure to do so will result in the missed requirements being assumed to be provided at no cost. [One-time hardware costs include maintenance costs through the formal acceptance of each respective sub-project.](#) If the Bidder's proposed solution includes hosting some environments at the Data Center, the Bidder should include any hardware or equipment purchased for environments hosted at the Data Center on Worksheet VII-F—Data Center, rather than on Worksheet VII-B.

Ongoing hardware costs are automatically calculated for five (5) years using the one-time cost percentages entered for the CCNPAU and CCR sub-projects and the annual maintenance amount entered for the purchase. Year one (1) ongoing hardware costs are based on the percentage assigned to each sub-project and the annual maintenance amount. Years two (2) through five (5) [are automatically calculated at the year one \(1\) costs. The Bidder may update costs for years two \(2\) through five \(5\). Updated costs are limited to assume](#) a five (5) percent escalation rate above the preceding year's ongoing cost.

#### **7.2.3 Commercial Off-the-Shelf (COTS) Software**

The Bidder must enter all COTS software detail and costs necessary to complete the UIMOD scope of work as stipulated in RFP Section 6 into Worksheet VII-C. This includes the detail and costs for software that will be purchased and then modified to implement the Bidder's proposed solution. The Bidder must (at a minimum) include all software required to implement the functionality detailed in the requirements; failure to do so will result in the missed requirements being assumed to be provided at no cost. [One-time software costs include maintenance costs through the formal acceptance of each respective sub-project.](#) If the Bidder's proposed solution includes hosting some environments at the Data Center, the Bidder should include any software purchased for environments hosted at the Data Center on Worksheet VII-F—Data Center, rather than on Worksheet VII-C.

Ongoing software costs are automatically calculated for five (5) years using the one-time cost percentages entered for the CCNPAU and CCR sub-projects and the annual maintenance amount entered for the purchase. Year one (1) ongoing software costs are based on the percentage assigned to each sub-project and the annual maintenance amount. Years two (2) through five (5) are automatically calculated at year one (1) costs. The Bidder may update costs for years two (2) through five (5). Updated costs are limited to assume a five (5) percent escalation rate above the preceding year's ongoing cost.

#### 7.2.4 Telecommunications

The Bidder must enter all telecommunication services detail and costs as required in the scope of work detailed in RFP Section 6 into Worksheet VII-D. The Bidder must (at a minimum) include all telecommunications equipment required to implement the functionality detailed in the requirements (for example: T1 line costs); failure to do so will result in the missed requirements being assumed to be provided at no cost. One-time telecommunication costs include maintenance costs through the formal acceptance of each respective sub-project.

The Bidder must present as a separate line item the cost for incoming 800 numbers. The EDD may reject this portion of the Bidder's proposal if this separate bid is equal to or more expensive than obtaining the services through the CALNET II contract.

Ongoing telecommunication costs are automatically calculated for five (5) years using the one-time cost percentages entered for the CCNPAU and CCR sub-projects and the annual maintenance amount entered for the purchase. Year one (1) ongoing telecommunication costs are based on the percentage assigned to each sub-project and the annual maintenance amount. Years two (2) through five (5) are automatically calculated at year one (1) costs. The Bidder may update costs for years two (2) through five (5). Updated costs are limited to assume a five (5) percent escalation rate above the preceding year's ongoing cost.

#### 7.2.5 Training

The Bidder must enter all training detail and costs as required in RFP Section 6 into Worksheet VII-E. The Bidder must (at a minimum) include all training related requirements; failure to do so will result in the missed requirements being assumed to be provided at no cost.

#### 7.2.6 Data Center

The Bidder must enter all data center detail and costs as required in RFP Section 6 into Worksheet VII-F. The Bidder must (at a minimum) include all required functionality; failure to do so will result in the missed requirements being assumed to be provided at no cost. If the Bidder's proposed solution includes hardware and software to be purchased and /or hosted by the Data Center, those costs should be

included on this worksheet, rather than the separate Hardware and Software Worksheets VII-B and VII-C. Additional information about data center pricing and available services is included in Appendix K, Bidder Library List.

Ongoing data center costs are automatically calculated for five (5) years using the one-time cost percentages entered for the CCNPAU and CCR sub-projects and the annual maintenance amount entered for the purchase. Year one (1) ongoing data center costs are based on the percentage assigned to each sub-project and the annual maintenance amount. Years two (2) through five (5) assume a ~~two~~five (25) percent escalation rate above the preceding year's ongoing cost.

### 7.2.7 Contractor Staff Work Authorization Rates

The Bidder must enter detail for all staff required by the Bidder in order to produce the Unemployment Insurance Modernization Project (UIMOD) scope of work into Worksheet VII-G. The rates cited for all staff will also be the Work Authorization rates as required in the RFP Section 11, Contract, and will be the enforceable rates through the contract term.

The Bidder must (at a minimum) complete the entries for all Key Staff as identified in RFP Section 6A, Management, Paragraph 6-A.4.5 Contractor Key Staff Requirements. Failure to do so may result in the Bidder's proposal being considered non-responsive. Key Staff and other staff classifications have been categorized under one of four categories as described in Table 7.1-Project Staff Categories for Appendix J. The bidder must enter detail for project staff under the appropriate category.

Table 7.1– Project Staff Categories for Appendix J

Staff Category	Description	Examples of Staff Classifications
Project Management Staff	Staff classifications critical to the effective management of the UIMOD project. Incumbents provide key leadership roles in the day-to-day management of the project.	<ul style="list-style-type: none"> <li>• Project Manager</li> <li>• Contact Center Implementation Manager</li> <li>• Quality Assurance Manager</li> <li>• Project Scheduler</li> </ul>
Senior Technical Staff	Staff classifications requiring high levels of technical expertise and leadership. Incumbents play key roles in developing and delivering project deliverables.	<ul style="list-style-type: none"> <li>• Software Development Manager</li> <li>• Senior Software Technical Lead</li> <li>• Database Designer</li> </ul>



Technical Staff	Staff classifications requiring technical expertise and competency. Incumbents play supporting roles in developing and delivering project deliverables.	<ul style="list-style-type: none"> <li>• Programmer/Analyst</li> <li>• Database Analyst</li> </ul>
Support Staff	Non-technical staff classifications supporting the UIMOD project effort.	<ul style="list-style-type: none"> <li>• Clerical</li> <li>• Documentation Specialist</li> <li>• Trainer</li> </ul>

The Bidder must detail the staff costs for work performed within the contract period and enter an hourly work authorization rate for each staff category in the Year 1 column. The hourly work authorization rate must be a combined rate for both the CCNPAU and CCR sub-projects. The hourly rate will be automatically multiplied by pre-defined annual hours worked for each classification. The annual hours worked for each classification is listed in the worksheet under the Staff Category column. The total annual rate calculated for each staff category will be automatically copied to the columns Year 2 through Year 4. [Costs will be evaluated for a four \(4\) year period because the contract is estimated to be for four \(4\) years.](#)

#### 7.2.8 Production Support Contract Rates (Mandatory Optional)

The Bidder must detail the staff rates for production support contracts for a period of three (3) years plus two (2) one (1) year extensions for each of the CNPAU and CCR sub-projects in Worksheet VII-H. See Section 6B. 12. Failure to do so may result in the Bidder's proposal being considered non-responsive. Providing the costs for the production support contracts is mandatory for the Bidder, but invoking one or both of the contracts is optional for the State.

Key Staff and other staff classifications have been categorized under one of four categories as described in Table 7.1-Project Staff Categories for Appendix J. The Bidder must enter a single hourly rate for each staff category in the columns for years 1 through 3, and for extension years 4 and 5. The hourly work authorization rate will be automatically multiplied by a pre-defined annual hours worked for each classification. The annual hours worked for each classification is listed in the worksheet under the Staff Category column.

The rates cited for all staff will also be the hourly rates as required in the RFP Section 11, Contract, and will be the enforceable rates through the optional support contract terms.